

NH Foods Group Sustainability Conference



Unleash new potentials for protein

NH Foods Group Vision 2030

October 6, 2021 NH Foods Ltd.



Yoshihide Hata

President and Representative Director

- Pursuing Sustainability and Raising Corporate Value P.2
- Vision2030 and Identifying Materialities P.8
- Linking Sustainability to Governance P.12

Fumio Maeda

General Manager of Corporate Planning Division (in charge of sustainability)

- Materiality Initiatives P.14
- Commitments to Various Summits P.26
- TCFD Progress P.27

Pursuing Sustainability and Raising Corporate Value

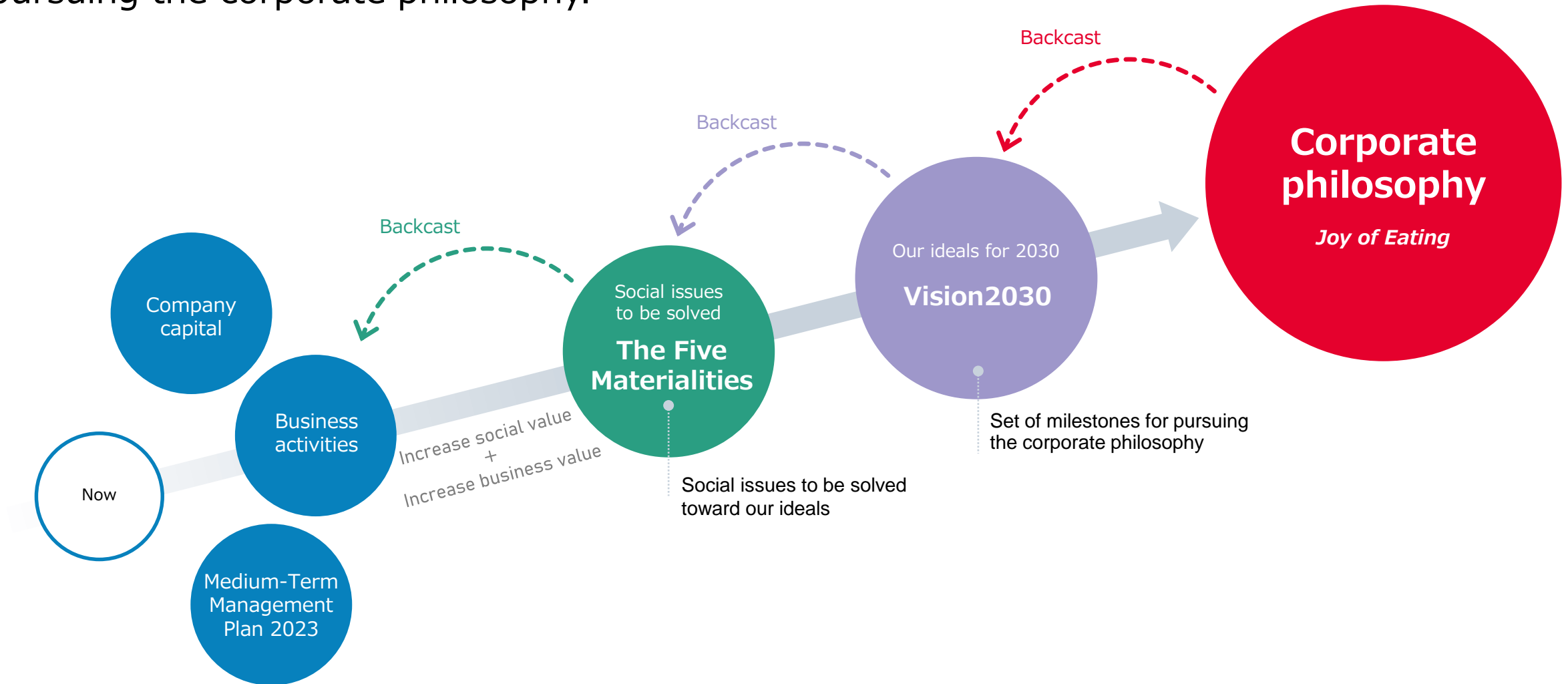


| Corporate Philosophies |

1. Under the basic theme of *Joy of Eating* our company creates a culture that marks an epoch and contributes to society.
2. Our company is a place where employees can feel truly happy and fulfilled.

Relationship between materialities and the corporate philosophy / Vision2030

We used a backcasting approach to formulate Vision2030 as a set of milestones for pursuing the corporate philosophy.



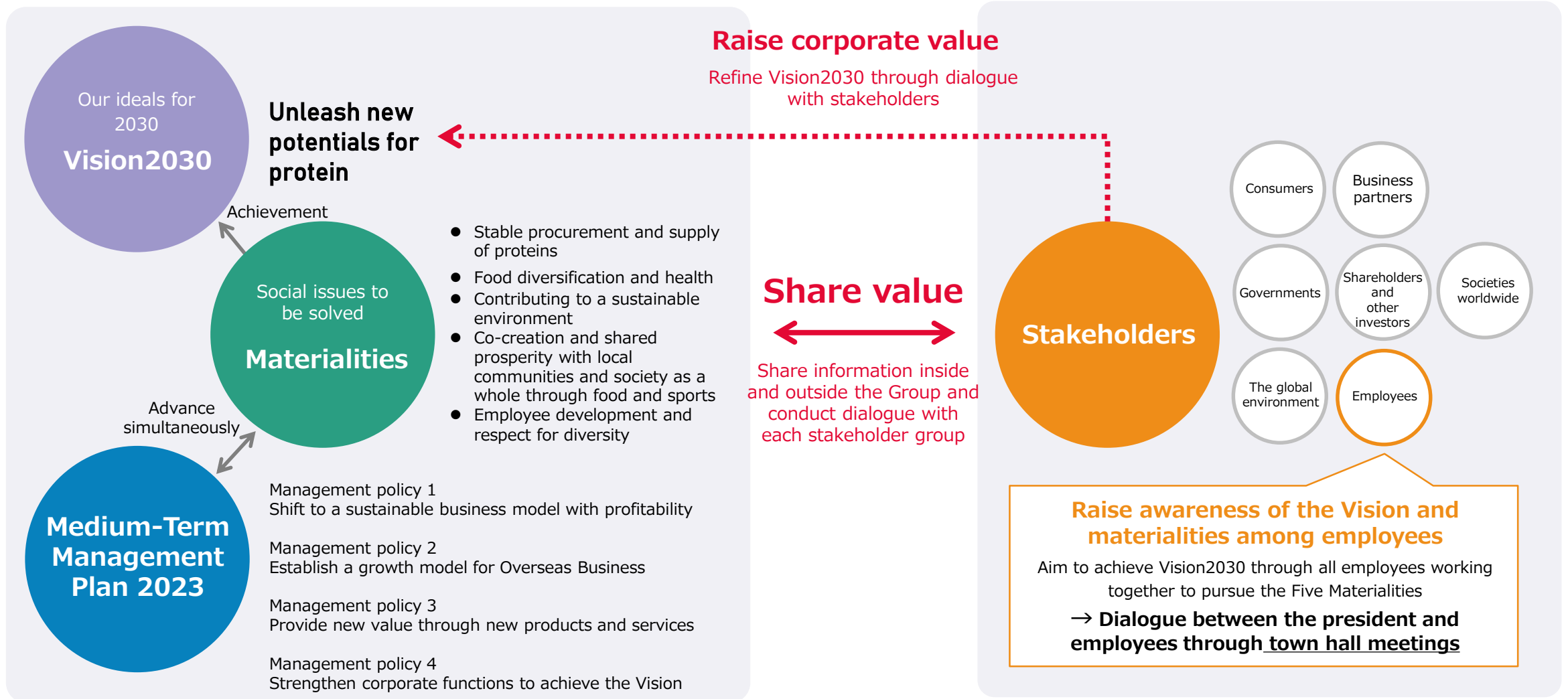
Unleash new potentials for protein

NH Foods Group will unleash new ideas beyond existing domains
to expand new potentials for protein as the power of life.

We will endeavor to create diverse dietary lifestyles so people can experience the *Joy of Eating* more freely,
while ensuring a stable supply of food with respect to the environment and society.

6 Relationships with stakeholders

We will raise corporate value by advancing a sustainability strategy centered on the materialities.



Maximize corporate value

Increase social value (non-financial value)

||

Reduce WACC

- ✓ Address social issues by executing materiality measures
- Stable procurement and supply of proteins
- Food diversification and health
- Contributing to a sustainable environment
- Co-creation and shared prosperity with local communities and society as a whole through food and sports
- Employee development and respect for diversity



➔ Reduced business risks

Increase business value (financial value)

||

Improve ROIC

- ✓ Structural reform and strengthening of existing businesses
- ✓ Business development in growth areas
- ✓ Pursuit of an optimal portfolio
- ✓ Establish an optimal production system

➔ Increased profit ratio and efficiently invested capital

Toward a
sustainable
business entity

SUSTAINABLE
DEVELOPMENT GOALS















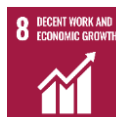
Develop infrastructure through DX

— Speed up management decision-making to improve execution —

Vision2030 and Identifying Materialities



9 The Five Materialities of the NH Foods Group

Materiality (material issues)	Main indicators and policies	SDGs
Stable procurement and supply of proteins	<ul style="list-style-type: none"> Stable procurement and supply of proteins Greater choice of protein Food safety and reliability 	  
Food diversification and health	<ul style="list-style-type: none"> Food allergy support Health promotion Food diversification 	 
Contributing to a sustainable environment	<ul style="list-style-type: none"> Responding to climate change Resource saving and recycling Addressing biodiversity 	    
Co-creation and shared prosperity with local communities and society as a whole through food and sports	<ul style="list-style-type: none"> Local community development 	  
Employee development and respect for diversity	<ul style="list-style-type: none"> Enhancing job satisfaction for employees Respect for diversity 	 

* From pp. 21–24 of the NH Foods Group Integrated Report

10 Engaging the materialities—employees

We are using KPI management to measure the rate of progress on initiatives related to the materialities.



Initiatives for pursuing the materiality of “employee development and respect for diversity”

Identify issues at the Group that are relevant in the current social climate

– Materiality: employee development and respect for diversity

Measure achievement of targets by setting and visualizing KPIs

Main measures

Job satisfaction for employees

- Create a corporate culture and frameworks that encourage employees to take on challenges and actively engage in activities
- Create frameworks for developing the abilities of employees

Respect for diversity

- Create frameworks that respect diversity and enable employees to demonstrate their capabilities
- Create workplaces where employees can maintain a healthy work-life balance
- Create workplaces where employees can work with peace of mind and take care of their mental and physical health
- Create frameworks for respecting the human rights of employees

- Support for job satisfaction
- Foster a corporate culture that encourages employees to take on challenges
- Improve expertise and management capabilities through education and training
- Initiatives for fair evaluation and compensation
- Promote the right person in the right place by transfer and assignment
- Support for career autonomy

- Promote active participation by women
- Promote support initiatives for childcare, nursing care, persons with disabilities, etc.
- Reduce total working hours
- Promote a diverse range of working styles
- Further strengthen the health management system
- Further promote the eradication of labor accidents
- Education regarding human rights policies and establishment of human rights due diligence system

Reforming human resources systems

- Pursuing challenges and a sense of growth
- Balanced abilities and duties
- Self-directed careers

Changing workstyles

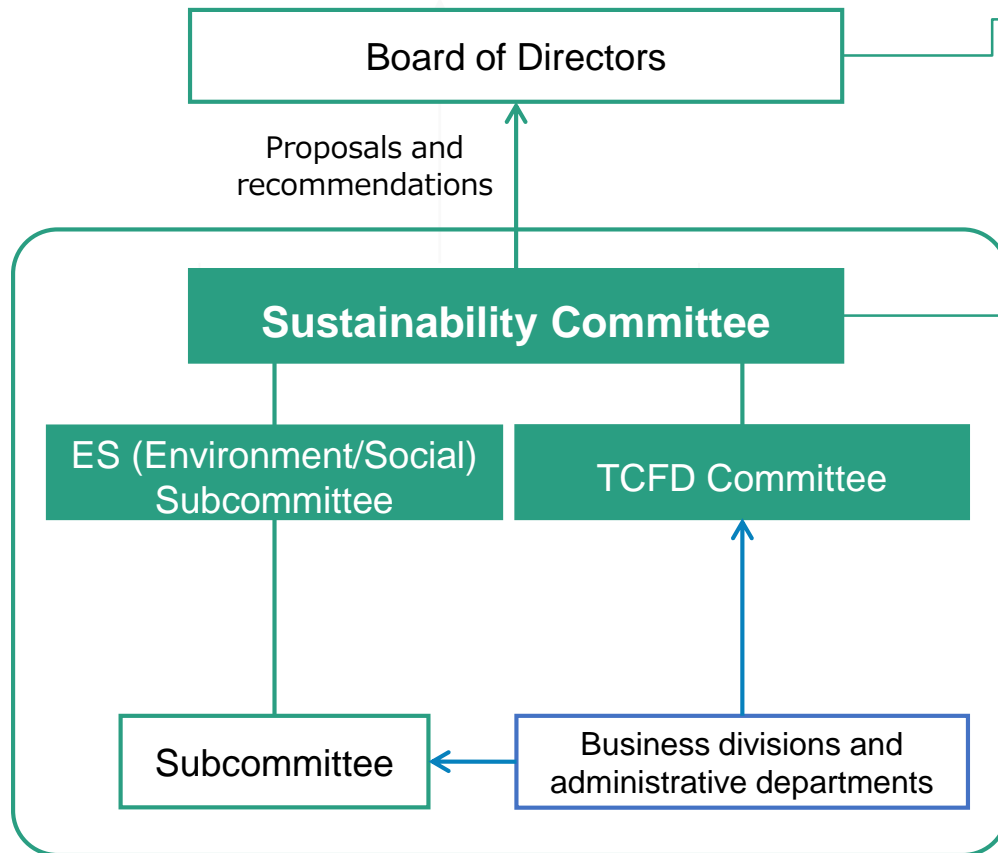
- Realizing flexible workstyles
- Raising labor productivity

Linking Sustainability to Governance



13 Linking sustainability to governance

We built a materiality implementation framework that engages everybody, from top management to the employees responsible at each division, with the Sustainability Committee at the center.



Action by the Board of Directors

- Each quarter, check progress on materialities in accordance with medium-term management plan KPIs
- Discuss recommendations by the Sustainability Committee

Sustainability Committee

Chairperson: Yoshihide Hata, President and Representative Director

Members: Outside and internal directors, general managers of business divisions, outside experts

*Outside experts:

Shigeru Nishiyama, Professor, Waseda Graduate School of Business and Finance
Satoru Fujimoto, General Manager, CSR & Global Environment Center, Daikin Industries, Ltd.

Keiko Tanaka, Corporate Officer, Nissan Financial Services Co., Ltd.

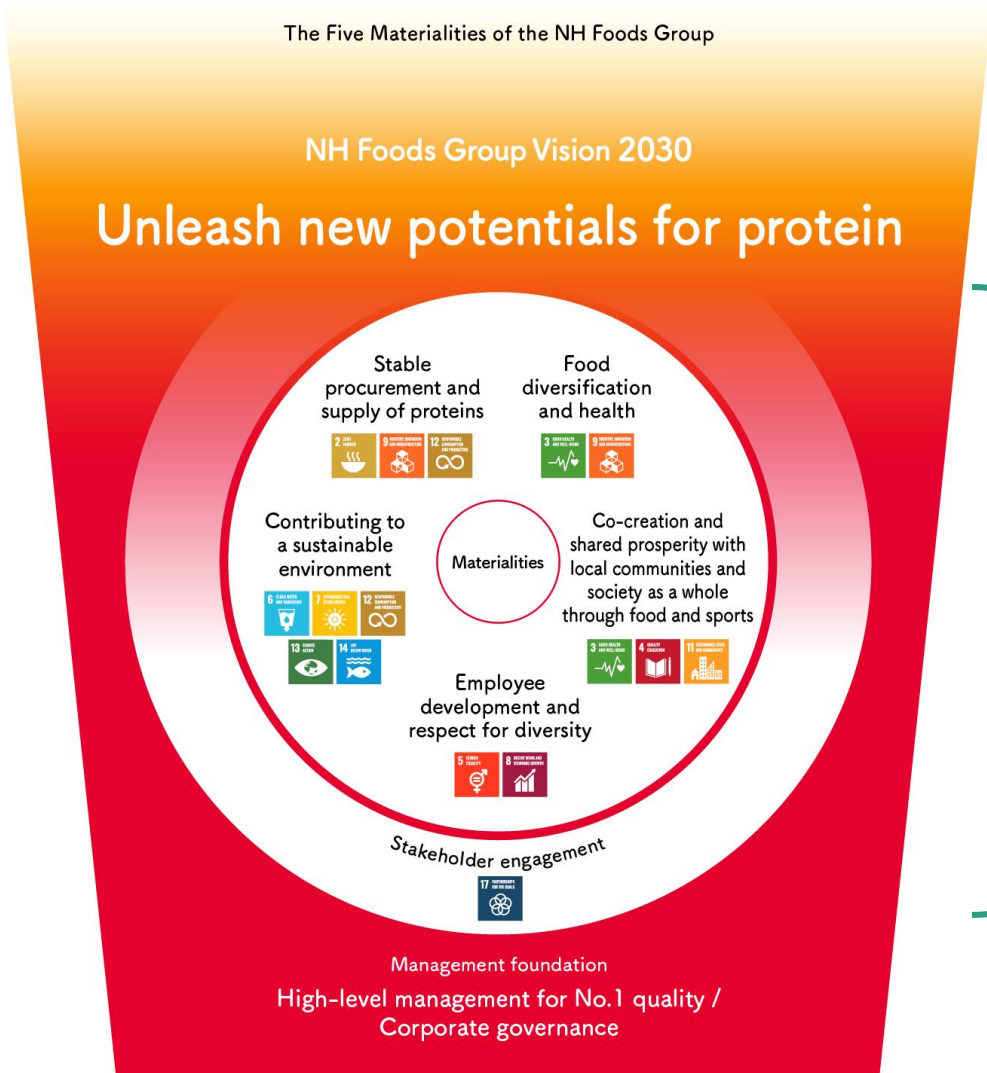
Discussion topics in fiscal 2020

Medium-term environmental targets, materialities, human rights policy, TCFD. In fiscal 2021, discussions regarding risks and opportunities related to human rights policy, human rights due diligence, and TCFD will continue.

* From p. 53 of the NH Foods Group Integrated Report

Materiality Initiatives





Materiality (material issues)	Main indicators and policies
Stable procurement and supply of proteins	<ul style="list-style-type: none">Stable procurement and supply of proteinsGreater choice of proteinFood safety and reliability
Food diversification and health	<ul style="list-style-type: none">Food allergy supportHealth promotionFood diversification
Contributing to a sustainable environment	<ul style="list-style-type: none">Responding to climate changeResource saving and recyclingAddressing biodiversity
Co-creation and shared prosperity with local communities and society as a whole through food and sports	<ul style="list-style-type: none">Local community development
Employee development and respect for diversity	<ul style="list-style-type: none">Enhancing job satisfaction for employeesRespect for diversity

Stable procurement and supply of proteins (1)

Supplying proteins to everyone

The NH Foods Group is the biggest supplier of proteins to dinner tables in Japan.





Importance of protein

Protein is an important constituent that makes up 1/5 of the human body.

It is found in muscle, organs, skin, bones, and hair in forms such as cell components and collagen. It is also a crucial substance in digestive enzymes, immune substances, hormones, and for body growth.

Protein intake is essential for maintaining health due to important effects such as enhancing healing and immune capabilities, powering the brain and other organs, maintaining balance within the body, and regulating emotions. **Animal proteins derived from products such as fresh meat and milk are particularly healthy due to their good balance of amino acids.**

Protein intake
(one person / one day)

Overall 	71.4g	Share supplied by the NH Foods Group
Animal protein 	40.1g	
Derivatives 	27.9g	
Meat 	17.6g	

Share supplied by
the NH Foods Group

23.5%

Sources: Ministry of Education, Culture, Sports, Science and Technology's standard tables of food composition in Japan, Ministry of Health, Labour, and Welfare's National Health and Nutrition Survey

Foods that have a good balance of essential amino acids and their protein content (g/100g)



16.6g



15.6g



20.7g



12.3g



3.3g

NH Foods Group market share and volumes supplied



Beef

16.1% (170 kt)



Pork

19.9% (430 kt)



Chicken

22.2% (400 kt)



Hams and sausages

17.8%

* Source: Intage Inc., SCI Data

Thinking behind the NH Foods Group CSR Procurement Policy

The NH Foods Group is proceeding with initiatives on Corporate Social Responsibility (CSR) procurement activities, collaborating with business partners and creating relationships of trust based on the principles of coexistence and coprosperity.

Targets to be achieved by 2030

Inform important primary suppliers of policies and have 100% SAQ implementation, disseminate policies to important secondary suppliers and implement SAQ

Companies supplied with SAQs and response rate

Japan (scope: suppliers to NH, Hoko, Marine Foods, Nippon Luna)

	Number of responding companies	Response rate
FY2018	36	100%
FY2019	71	100%
FY2020	22	95.5%

Overseas

FY2020	254	61.0%
--------	-----	-------

Future initiatives

Strengthen supplier engagement

- Inform suppliers of our procurement policies and code of conduct for suppliers
- Implement SAQs
- Audit suppliers

Addressing food allergies



Providing value through products that are considerate of food allergies

- We have strengthened efforts to provide foods free of seven major allergens to people with protein intolerance and food allergies.
- We have expanded our range of allergy-free products that can be stored at room temperature, including in preparation for times of disaster.

Expanding our lineup of plant-based and alternative proteins



Providing value through plant-based protein products

- As customers' diets become more diverse, we are responding through products that use plant-based protein sources as a main ingredient in place of meat-based proteins.
- We are using original taste technologies to realize a superior flavor that compares favorably to livestock products.
- We are also conducting R&D on alternative proteins under the theme of using less water and land.

19 Contributing to a sustainable environment (1)

Progress on medium- to long-term environmental targets

Targets (to be achieved by FY2030)		Cumulative results for Apr–Aug (compared to the same period in a baseline year)		
		Baseline*1	Targets*2	Results*3
Reduce fossil fuel-derived CO ₂ emissions by more than 46% (compared to FY2013 levels)	Baseline: 550,518 t-CO ₂ Target: 297,280 t-CO ₂	231,768 t-CO ₂	125,155 t-CO ₂	198,874 t-CO₂ (-32,894 t-CO ₂) (-14.2%)
Reduce waste emissions by 5% (basic unit per production quantity compared to FY2019)	Baseline: 134.6 kg/t Target: 127.9 kg/t	135.0 kg/t	128.3 kg/t	123.9 kg/t (-11.1 kg/t) (-8.2%)
Achieve a waste recycling rate of at least 92%	Index value: 84.1% Target: 92%	84.3%	92.0%	92.1%
Reduce water consumption by 5% (basic unit per production quantity compared to FY2019)	Baseline: 15.2 m ³ /t Target: 14.4 m ³ /t	15.3 m ³ /t	14.5 m ³ /t	15.1 m³/t (-0.2 m ³ /t) (-1.3%)

*1 Figures cover the Apr–Aug period of the target baseline year.

*2 Figures show targeted reduction compared to the Apr–Aug period of the target baseline year.

*3 Figures in () show the amount and percentage of change compared to the Apr–Aug period of the target baseline year.

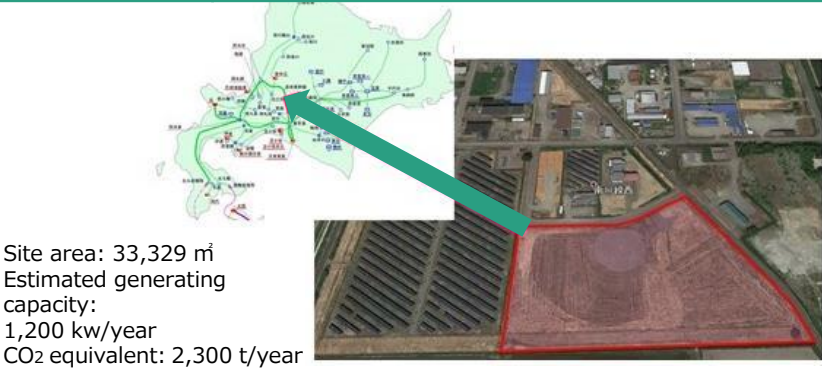
Using bioenergy

Consideration	Boilers that use waste cooking oil generated by plants
Waste oil boilers	In the current fiscal year, we plan to install boilers that use waste cooking oil generated by plants as a fuel at three prepared foods plants. Going forward, we will also consider boilers that can use of chicken oil and lard.



Generating energy on idle land

Initiative	Using idle land for a PPA (self-sufficiency)
Power generation on idle land in Nanporo	We are considering using land that has stood idle for a long time for offsite power generation using solar power equipment that can be connected to the grid. We plan to supply the power generated to the Nipponham Delicatessen plant in Ebetsu.



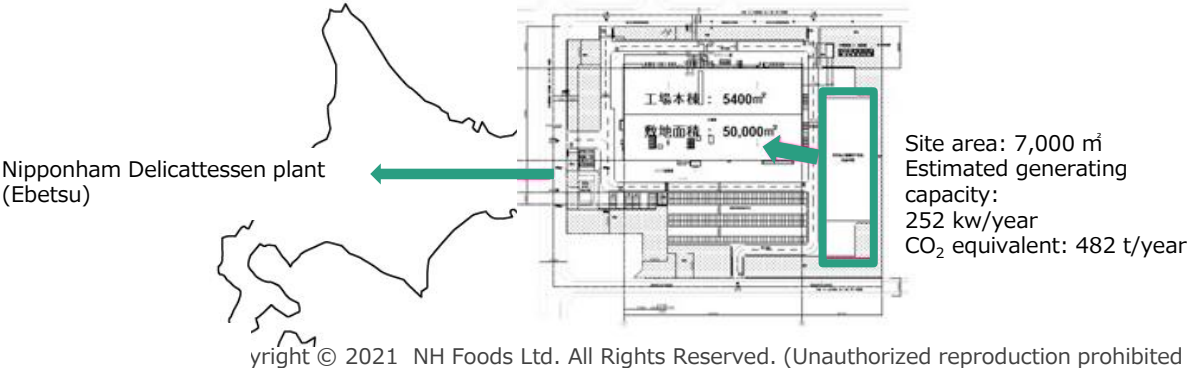
Thermal recycling of plastic

Initiative	Removing the logos from waste plastic and recycling it
Thermal recycling of waste plastic	Waste plastic featuring logos generated by plants is destroyed through pulverization and other methods. It then undergoes thermal recycling at a waste disposal site. This initiative is currently under consideration for three business sites, including the Isahaya Plant.



Generating energy at plants

Initiative	Using plant grounds for a PPA (self-sufficiency)
Effectively using plant grounds	Excess space within plant grounds and land surrounding farms can be used for the generation of natural energy which can then be used by the plant. Car parks need to be considered in terms of costs.



Effects of installed equipment

1. Recovering oil from wastewater reduces industrial waste disposal costs
2. Recovering oil from wastewater reduces the use of chemicals to treat wastewater
3. Carrying out the processes above using a heat exchanger for warming soft water reduces natural gas consumption (reducing CO₂ emissions)

1) Raw water tank

Oily water within the tank (which is toward the surface) is drawn out using a pump.

4) Oil separation equipment

It is separated into solids, oils, and wastewater. Wastewater is returned to the raw water tank.

Raw water tank

Oil separation tank

Heated tank

Oil separation equipment

Fuel storage tank

Waste oil burning boiler

2) Oil separation tank

The oil in the top layer of the water drawn from the raw water tank is separated



3) Heated tank



5) Fuel storage tank



6) Waste oil burning boiler



To reduce CO2 emissions by 46% by 2030, we must generate renewable energy within the Group.

Requirements for renewable energy generation

- Creating sustainable, safe, renewable energy is essential

It is essential that we act before carbon pricing is enforced in anticipation of green credit price rises
- It is important that we can explain cost versus benefits to stakeholders

We will buy waste oil from businesses and use it in boilers (trials completed)
- It is important to reduce costs by expanding onsite facilities

Overview of investment from 2022 onward

Measure	Plants involved	Investment amount (thousands of yen)	Reduction amount (thousands of yen)	CO2 emissions reduction (t-CO ₂)	Cost of emissions reduction (thousands of yen/t-CO ₂)
Fuel conversion	17	1,841,700	109,480	12,852	158
Waste oil boilers	6	516,100	93,280	5,869	119
Total	23	2,358,100	202,760	18,721	148

23 Co-creation and shared prosperity with local communities and society as a whole through food and sports

We launched the Hokkaido Project with a view to vitalizing the region.

- ➡ The project involves utilizing assets in Hokkaido to establish a Hokkaido brand.
It aims to create both economic and social value within the prefecture.

Hokkaido brand
Hokkaido government and
companies



NH Foods assets in Hokkaido
The Hokkaido Nippon-Ham Fighters (a
professional baseball team in Japan)
New ballpark scheduled to open in 2023
Plants, farms, etc. in 105 locations

- Realize a model for carbon neutral pig farms that produce net zero greenhouse gas emissions
- Start exports from the Nippon Food Packer Donan Plant (planned for Oct. 2023)
- Establish cyclical farming by converting manure from the pig farming business into fertilizer for growing grain feed
- Carry out joint research with research institutions in Hokkaido

Commitments to Various Summits



As Japan's biggest group of livestock businesses, the NH Foods Group supports the Strategy for Sustainable Food Systems (MeaDRI). We have also made commitments to various summits.

Tokyo Nutrition for Growth Summit 2021

Goal of the summit

Realize a world in which all people have access to safe, affordable, and nutritious food

→ This goal is closely linked to two of the Group's materialities, "stable procurement and supply of protein" and "food diversification and health," so we have made a commitment accordingly.

► About the Nutrition for Growth Summit

The summit is being held in order to use the Tokyo Olympics as an opportunity to raise the momentum of international movement toward improving nutrition.

Inspired by the "hunger summit" hosted by the then British Prime Minister David Cameron on the final day of the 2012 London Olympics, the first Nutrition for Growth Summit was held in London in 2013.

A summit was also held in Brazil in 2016 after the Rio de Janeiro Olympics. The Tokyo Nutrition for Growth Summit 2021 will be held in December following the Tokyo Olympics.



UN Food Systems Summit 2021

An initiative encouraging specific commitments toward shifting to sustainable food systems.

→ We have also made a commitment to the UN's Food System Summit, which is held to encourage concrete action toward making food systems sustainable with the goal of achieving the SDGs.

Commitments

- Boost nature-positive food production at scale
- Ensure access to safe and nutritious food for all
- Advance equitable livelihoods and value distribution

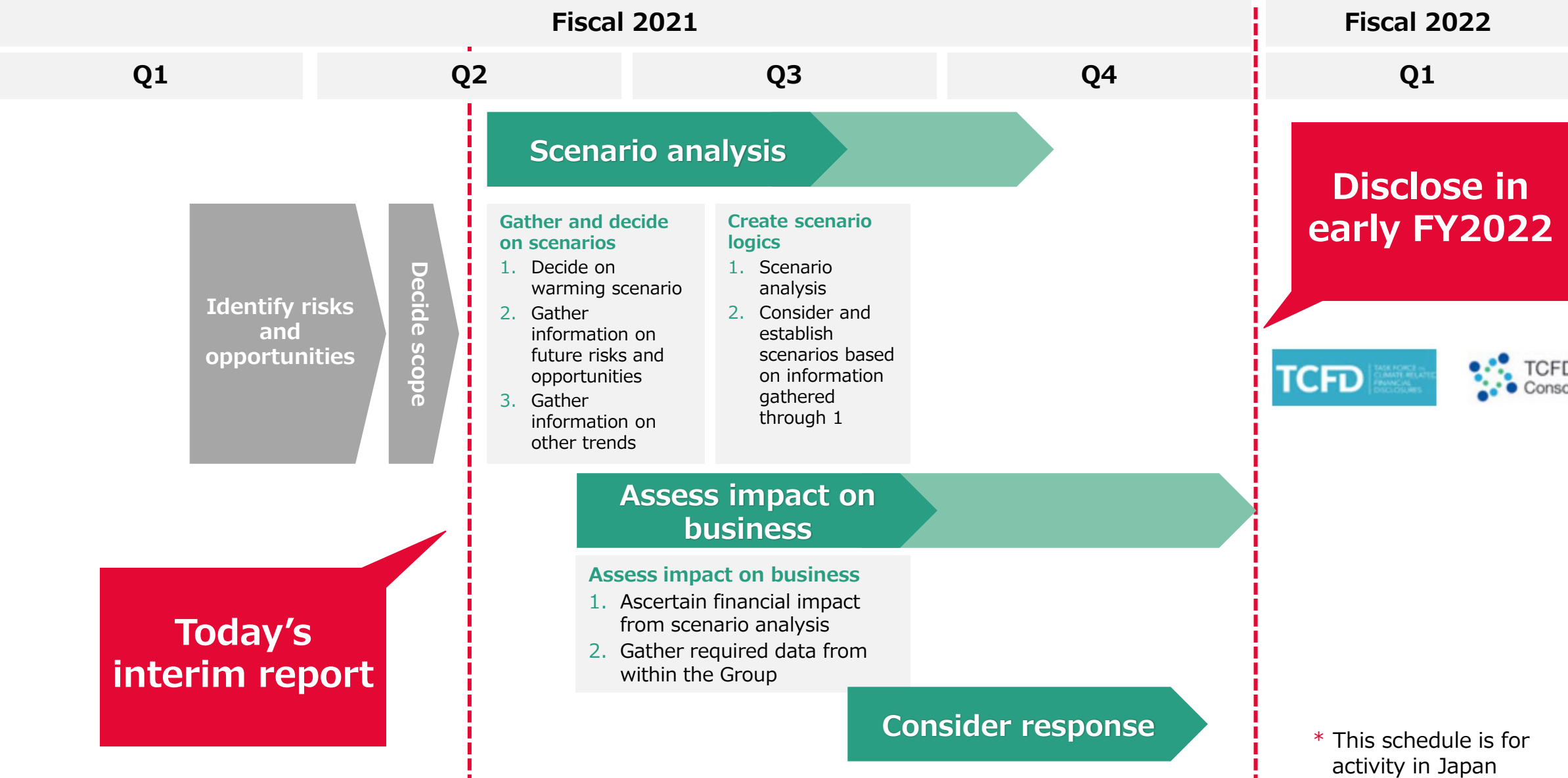


The NH Foods Group will advance initiatives aimed at solving the global problem of malnutrition.

Goal/action plan	Key indicator
(1) Food allergy-related initiatives <ul style="list-style-type: none"> ● Increase the amount of relevant products shipped ● Develop testing kits for labelling items that have recently become mandated by law 	<ul style="list-style-type: none"> ● Ship four billion yen worth of products by fiscal 2030 ● Launch new testing kits
(2) Offer a greater choice of protein <ul style="list-style-type: none"> ● Expand sales of plant-derived protein products ● Explore new alternative protein sources 	<ul style="list-style-type: none"> ● Ship 10 billion yen worth of products by fiscal 2030 ● Launch products developed from research into new proteins
(3) Develop and promote products that extend healthy lives within a super-aging society <ul style="list-style-type: none"> ● Launch products developed from patented substances that improve cognitive functions 	<ul style="list-style-type: none"> ● Provide three million meals a year by fiscal 2026

TCFD Progress





Category	Details
Governance	<ul style="list-style-type: none"> The TCFD Committee has been established as a sub-committee to the Sustainability Committee, an advisory body to the Board of Directors. The TCFD Committee identifies risks and opportunities, carries out scenario analysis, and assesses impact on business on a Group-wide basis. The TCFD Committee comprises members from business divisions across the Group.
Strategy	<ul style="list-style-type: none"> The Group recognizes the huge risk posed by climate change and is discussing the following matters. <ol style="list-style-type: none"> (1) Physical risk: Difficulties procuring grains and raw meat, as well as raising and feeding livestock within the Group (2) Physical risk: Difficulties securing water resources or damage caused by abnormal weather events such as heavy rains and floods (3) Transferred risk: Impact on manufacturing and logistics costs caused by carbon taxes, etc. and other factors Going forward, we will carry out scenario analysis and financial impact assessments and disclose these through our website.
Risk management	<ul style="list-style-type: none"> The TCFD Committee identifies and evaluates climate change-related risks, which are then further investigated by the Sustainability Committee.
Indices and targets	<ul style="list-style-type: none"> In 2021, we reviewed the Group's materialities and identified five materialities to focus on going forward. One of these materialities is "contributing to a sustainable environment," and we are working toward targets to be achieved by 2030. <ul style="list-style-type: none"> Reduce CO₂ emissions Target: Reduce by at least 46% compared to FY2013 levels *Business sites in Japan only Reduce water consumption Target: Reduce intensity by 5% compared to FY2019 levels *Business sites in Japan only We are advancing research and technological development aimed at curbing and reducing greenhouse gas emissions from livestock.



Unleash new potentials for protein
NH Foods Group Vision 2030